

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF SEPTEMBER 30, 2022**

# **MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF SEPTEMBER 30, 2022**

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**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	<b>Nine month period ended</b>		<b>Year ended</b>
	<b>September 30,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>(Except per share data)</b>		
	<b>Unaudited</b>		
Revenues	34,783	32,062	43,184
Cost of sales	23,927	22,108	29,685
<b>Gross profit</b>	<b>10,856</b>	<b>9,954</b>	<b>13,499</b>
Research and development expenses	789	725	965
Distribution expenses	2,855	2,647	3,686
General and administrative expenses	3,719	3,270	4,448
Loss (profit) from sale of property, plant and equipment	8	(16)	25
<b>Profit from operations</b>	<b>3,485</b>	<b>3,328</b>	<b>4,425</b>
Finance expenses	350	252	454
Finance income	(108)	(30)	(67)
<b>Profit before income tax</b>	<b>3,243</b>	<b>3,106</b>	<b>4,038</b>
Tax expenses	505	406	329
<b>Profit</b>	<b>2,738</b>	<b>2,700</b>	<b>3,709</b>
Other comprehensive income (loss) net of tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of defined benefit plans	-	-	22
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	(365)	(106)	(19)
Total other comprehensive income (loss)	(365)	(106)	3
<b>Total comprehensive income</b>	<b>2,373</b>	<b>2,594</b>	<b>3,712</b>
<b>Profit attributable to:</b>			
Owners of the parent	2,643	2,612	3,598
Non-controlling interests	95	88	111
	<b>2,738</b>	<b>2,700</b>	<b>3,709</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	2,278	2,506	3,601
Non-controlling interests	95	88	111
	<b>2,373</b>	<b>2,594</b>	<b>3,712</b>
<b>Earnings per share (dollars)</b>			
Basic and Diluted (dollars per share)	0.0299	0.0295	0.0407
<b>Weighted average number of shares outstanding</b>			
Basic and Diluted (dollars per share)	88,494,239	88,516,849	88,509,740

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**CHANGES IN EQUITY**

**For the nine-month period ended September 30, 2022 (Unaudited):**

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
	U.S. \$ in thousands						
<b>Balance at January 1, 2022</b>	209	23,126	172	2,406	25,913	1,098	27,011
<b>Changes during the nine-month period ended September 30, 2022:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	2,643	2,643	95	2,738
<b>Other comprehensive income</b>							
Translation differences	-	-	(365)	-	(365)	-	(365)
<b>Total comprehensive income for the period</b>	-	-	(365)	2,643	2,278	95	2,373
Acquisition and disposal of treasury shares	-	(87)	-	-	(87)	-	(87)
Dividend	-	-	-	(2,479)	(2,479)	-	(2,479)
<b>Balance at September 30, 2022</b>	209	23,039	(193)	2,570	25,625	1,193	26,818

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**CHANGES IN EQUITY (CONT.)**

**For the nine month period ended September 30, 2021 (Unaudited):**

	Attributed to owners of the parent							
	Share capital	Additional paid-in capital	Capital reserve for share- based payment transactions	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
U.S. \$ in thousands								
<b>Balance at January 1, 2021</b>	209	23,167	-	191	999	24,566	987	25,553
<b>Changes during the nine month period ended September 30, 2021:</b>								
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	2,612	2,612	88	2,700
<b>Other comprehensive loss</b>								
Translation differences	-	-	-	(106)	-	(106)	-	(106)
<b>Total comprehensive income (loss) for the period</b>	-	-	-	(106)	2,612	2,506	88	2,594
Profit from acquisition of treasury shares	-	5	-	-	-	5	-	5
Dividend	-	-	-	-	(2,213)	(2,213)	-	(2,213)
<b>Balance at September 30, 2021</b>	209	23,172	-	85	1,398	24,864	1,075	25,939

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT.)**

**For the year ended December 31, 2021:**

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interests	Total equity
U.S. \$ in thousands							
<b>Balance as at January 1, 2021</b>	209	23,167	191	999	24,566	987	25,553
<b>Changes during 2021:</b>							
<b>Comprehensive income</b>							
Profit for the year	-	-	-	3,598	3,598	111	3,709
<b>Other comprehensive income</b>							
Re measurements on defined benefit plans	-	-	-	22	22	-	22
Translation differences	-	-	(19)	-	(19)	-	(19)
<b>Total comprehensive income (loss) for the year</b>	-	-	(19)	3,620	3,601	111	3,712
Dividend	-	-	-	(2,213)	(2,213)	-	(2,213)
Acquisition and disposal of treasury shares	-	(41)	-	-	(41)	-	(41)
<b>Balance as at December 31, 2021</b>	209	23,126	172	2,406	25,913	1,098	27,011

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**FINANCIAL POSITION**

	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>31.12.2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	5,280	9,323	12,567
Trade and other receivables	13,798	11,168	10,628
Unbilled revenue	2,760	2,700	2,794
Current tax receivables	444	482	518
Inventories	6,745	5,985	6,849
	29,027	29,658	33,356
<b>NON-CURRENT ASSETS:</b>			
Long term prepaid expenses	40	38	26
Property, plant and equipment	5,801	5,570	5,548
Deferred tax assets	1,113	744	994
Intangible assets	3,928	1,027	1,014
	10,882	7,379	7,582
<b>Total assets</b>	<b>39,909</b>	<b>37,037</b>	<b>40,938</b>

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**

	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>31.12.2021</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities and short term bank credit and loans	17	20	23
Trade payables	6,080	5,282	5,346
Other accounts payable	3,827	4,425	6,895
Current tax payables	439	82	322
	<u>10,363</u>	<u>9,809</u>	<u>12,586</u>
<b>NON- CURRENT LIABILITIES:</b>			
Contingent consideration	1,432	-	-
Lease liabilities	401	438	465
Loans from banks, net of current maturities	37	17	8
Employee benefits, net	858	834	868
	<u>2,728</u>	<u>1,289</u>	<u>1,341</u>
<b>Total liabilities</b>	<u>13,091</u>	<u>11,156</u>	<u>13,927</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	209	209	209
Additional paid-in capital	23,039	23,172	23,126
Translation differences	(193)	85	172
Retained earnings	2,570	1,398	2,406
	<u>25,625</u>	<u>24,864</u>	<u>25,913</u>
Non-controlling interest	1,193	1,075	1,098
<b>Total equity</b>	<u>26,818</u>	<u>25,939</u>	<u>27,011</u>
<b>Total equity and liabilities</b>	<u>39,909</u>	<u>37,037</u>	<u>40,938</u>

November 20, 2022

Date of approval of  
financial statements

Moshe Borovitz  
Chief Executive Officer

Elhanan Zeira  
Controller

Zvi Borovitz  
Non-executive Chairman  
of the Board

**The accompanying notes form an integral part of the financial statements.**



**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENTS OF**

**CASH FLOWS**

	Nine month period ended September 30,		Year ended December 31,
	2022	2021	2021
	U.S. \$ in thousands		
	Unaudited		
<b>Cash Flows from Operating Activities:</b>			
Profit for the period	2,378	2,700	3,709
Adjustments for:			
Depreciation and amortization	1,090	702	976
Loss (Gain) from sale of property, plant and equipment	-	47	(25)
Finance (income) expenses, net	(95)	24	53
Tax expenses	505	406	329
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	(35)	357	(479)
Decrease (increase) in trade receivables	(2,607)	(15)	604
Decrease (increase) in other accounts receivables	(440)	(382)	(448)
Decrease (increase) in unbilled revenues	34	(492)	(476)
Increase (decrease) in trade and other accounts payables	172	376	2,803
Increase (decrease) in employee benefits, net	(114)	8	64
<b>Cash from operations</b>	1,248	3,731	7,110
Interest received	-	3	52
Interest paid	(41)	(30)	(88)
Income tax paid	(848)	(511)	(481)
<b>Net cash provided by operating activities</b>	359	3,193	6,593

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED STATEMENTS OF**

**CASH FLOWS (cont.)**

	<u>Nine month period ended</u>		<u>Year ended</u>
	<u>September 30,</u>		<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>U.S. \$ in thousands</u>		
	<u>Unaudited</u>		
<b>Cash Flows From Investing Activities:</b>			
Proceeds from sale of property, plant and equipment	-	77	153
Acquisition of subsidiary, net of cash acquired	(1,427)	-	-
Net cash from sale of previously consolidated subsidiaries	(2,785)	-	-
Change (payment) of contingent consideration regarding business acquisition	-	(54)	(54)
Purchase of property, plant and equipment	(421)	(766)	(835)
<b>Net cash used in investing activities</b>	<u>(4,633)</u>	<u>(743)</u>	<u>(736)</u>
<b>Cash Flows From Financing Activities:</b>			
Dividend	(2,479)	(2,213)	(2,213)
Payments of lease liabilities	(429)	(324)	(449)
Short-term loans and credit line received from banks	34	-	-
Treasury shares acquired	(87)	5	(41)
Treasury shares sold	-	-	-
Repayment of long-term loans from banks	(7)	(111)	(117)
<b>Net cash used in financing activities</b>	<u>(2,968)</u>	<u>(2,643)</u>	<u>(2,820)</u>
<b>(Decrease)/Increase in cash and cash equivalents during the period</b>	(7,242)	(193)	3,037
<b>Cash and cash equivalents at the beginning of the period</b>	12,567	9,577	9,577
<b>Exchange differences on balances of cash and cash equivalents</b>	(45)	(61)	(47)
<b>Cash and cash equivalents at the end of the period</b>	<u>5,280</u>	<u>9,323</u>	<u>12,567</u>

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL:**

**Corporate information:**

M.T.I Wireless Edge Ltd. (hereafter - the “Company”, or collectively with its subsidiaries, the “Group”) is an Israeli corporation. The Company was incorporated under the Companies Act in Israel on December 30, 1998, and commenced operations on July 1, 2000. Since March 2006, the Company’s shares have been traded on the AIM market of the London Stock Exchange.

The formal address of the Company is 11 Hamelacha Street, Afek industrial Park, Rosh-Ha'AYin, Israel.

The Company and its subsidiaries are engaged in the following areas:

- Development, design, manufacture and marketing of antennas for the military and civilian sectors.
- A leading provider of remote control solutions for water and irrigation applications based on Motorola’s IRRInet state of the art control, monitoring and communication technologies.
- Providing consulting, representation and marketing services to foreign companies in the field of RF and Microwave, including engineering services in the field of aerostat systems and system engineering services.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information set out above does not constitute full year-end accounts within the meaning of Israeli Companies Law. It has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2021 was approved by the board on March 6, 2022. The report of the auditors on those financial statements was unqualified.

The interim consolidated financial statements as of September 30, 2022 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2021 and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2021 are applied consistently in these interim consolidated financial statements.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY:**

On 3 January 2022 the Company, via its wholly-owned subsidiary, MTI Summit Electronics Ltd. (“MTI Summit”), entered into a share purchase agreement, which included both a purchase of existing shares in and the making of a new equity investment into P.S.K. WIND Technologies Ltd. (“PSK”), after which MTI Summit owns 51% of PSK (the "Acquisition"). The initial consideration for the Acquisition was approximately US\$1.2 million, with an earn out payment, subject to performance, of up to approximately US\$2.56 million. In addition, MTI Summit has made a loan to PSK of US\$0.8 million and is party to an option agreement in relation to the acquisition of the remaining 49% of PSK.

The initial consideration paid by MTI, to acquire 51% of the equity in PSK, comprised: a) the purchase of existing shares in PSK for NIS 700,000 (approximately US\$225,000); and b) a subscription of NIS 3,000,000 (approximately US\$ 972,000) for new shares in PSK. In addition, there is an earn out mechanism under which further consideration may be payable, as described in the contingent consideration section below (the “Earn Out”). MTI Summit’s loan to PSK of NIS 2,500,000 (approximately US\$800,000) is a term loan which is to be repaid on 1 January 2024. The loan is not convertible and bears interest of 3.26% per annum.

In addition to the Acquisition, MTI Summit has an option to purchase and the vendors of PSK have an option to sell to MTI Summit the remaining 49% of PSK (the “Option”) starting from 2027, subject to the terms described below.

Cash outflow on the Acquisition totalled to US\$ 1,427,000.

*Acquisition cost of PSK at the date of Acquisition:*

	<b>Fair value</b>
	<b>\$'000</b>
	<b>Unaudited</b>
Cash paid	1,197
Contingent consideration liability	56
Put option liability	1,376
<b>Total acquisition cost</b>	<b>2,629</b>

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY (CONT’):**

*Set forth below are the assets and liabilities of PSK at the date of Acquisition:*

	<b>Fair value</b>
	<b>\$'000</b>
	<b>Unaudited</b>
Trade receivables	671
Other receivables	213
Inventories	65
Property, plant and equipment	256
Intangible assets	1,710
Bank loans	(230)
Trade payables	(522)
Deferred tax liability	(394)
Other liabilities	(436)
Employee benefits, net	(104)
Net identifiable assets	1,229
Goodwill arising on acquisition	1,400
<b>Total purchase cost</b>	<b>2,629</b>

The results of PSK were consolidated into the financial statements of the Group from the beginning of the year.

The cost of the Acquisition was allocated to tangible assets, intangible assets and liabilities which were acquired based on their fair value at the time of the acquisition. The intangible assets recognized include order backlog and customer relations in the total amount of US\$ 111 thousands and US\$ 1,599 thousands respectively, deferred taxes in the total amount of US\$ 394 thousands and goodwill in the total amount US\$ 1,400 thousands. The intangible assets associated with customer relations are amortized over an useful life of up to 15 years.

The goodwill arising on Acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Company and PSK. The goodwill recognized is not expected to be deductible for income tax purposes.

All transaction costs have been recorded in General and administrative expenses.

*Contingent consideration:*

As part of the purchase agreement with the owners of PSK, it was agreed that the sellers, who retain a 49% holding in PSK would be entitled to further consideration to be paid pursuant to an earn out mechanism dependent on PSK’s actual revenues in 2022 and 2024 versus certain agreed targets in each of those years and is capped at a maximum of NIS 8,000,000 (approximately US\$2.56m), to be paid in cash.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY (CONT’):**

*Put Option liability:*

MTI Summit has an option to purchase and the vendors of PSK have an option to sell to MTI Summit the remaining 49% of PSK (the “Option”) starting from 2027. The value of PSK under the Option is to be calculated on the basis of eight times the average EBITDA level of PSK in 2025 and 2026, with MTI being required to pay 49% of this value upon exercise. If the Option is to be exercised at any time after the preparation of PSK’s financial results for the first quarter of 2027, the calculation will be based on PSK’s average EBITDA for the last eight quarters. The Option will remain in place until exercised.

As at the Acquisition date, the fair value of the contingent consideration was estimated at US\$ 56 thousand and the Option at US\$ 1.376 million.

The significant non-observable data used in measuring the fair value of the liability in respect of the contingent consideration and the Put Option liability are as follows:

Discount rate: 15.5%

A significant increase (or decrease) in the estimated amount of the acquired company's pre-tax income will result in a significant increase (decrease) in the fair value of the liability in respect of the contingent consideration whereas a significant increase (decrease) in the discount rate and default risk rate will result in a decrease (an increase) in the fair value of the liability.

**NOTE 4 – REVENUES:**

	<b>Nine month period ended</b>		<b>Year ended</b>
	<b>September 30,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Revenues arise from:</b>			
Sale of goods*	26,573	26,484	35,308
Rendering of services**	5,603	3,900	5,729
Projects**	2,607	1,678	2,147
	<u>34,783</u>	<u>32,062</u>	<u>43,184</u>

(\*) at the point in time

(\*\*) over time

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 – OPERATING SEGMENTS:**

The following tables present revenue and profit information regarding the Group's operating segments for the nine month period ended September 30, 2022 and 2021 respectively and for the year ended December 31, 2021.

**Nine month period ended September 30, 2022 (Unaudited):**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	8,627	13,743	12,413	-	34,783
Internal	-	-	252	(252)	-
Total	<u>8,627</u>	<u>13,743</u>	<u>12,665</u>	<u>(252)</u>	<u>34,783</u>
Segment profit	<u>254</u>	<u>1,282</u>	<u>1,814</u>	<u>135</u>	<u>3,485</u>
Finance expense, net					242
Tax expenses					<u>505</u>
Profit					<u>2,738</u>

**As of 30 September, 2022:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>14,923</u>	<u>11,805</u>	<u>10,650</u>	<u>-</u>	<u>37,378</u>
<i>Unallocated assets</i>					<u>2,531</u>
<i>Segment liabilities</i>	<u>3,070</u>	<u>4,316</u>	<u>4,762</u>	<u>-</u>	<u>12,147</u>
<i>Unallocated liabilities</i>					<u>944</u>

**Nine month period ended September 30, 2021 (Unaudited):**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	8,591	13,049	10,422	-	32,062
Internal	-	-	105	(105)	-
Total	<u>8,591</u>	<u>13,049</u>	<u>10,527</u>	<u>(105)</u>	<u>32,062</u>
Segment profit	<u>425</u>	<u>1,417</u>	<u>1,297</u>	<u>189</u>	<u>3,328</u>
Finance expense, net					222
Tax expenses					<u>406</u>
Profit					<u>2,700</u>

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - OPERATING SEGMENTS (CONT.):**

**As of 30 September, 2021:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>15,069</u>	<u>10,894</u>	<u>8,307</u>	<u>-</u>	<u>34,270</u>
<i>Unallocated assets</i>					<u>2,825</u>
<i>Segment liabilities</i>	<u>3,169</u>	<u>3,926</u>	<u>3,130</u>	<u>-</u>	<u>10,225</u>
<i>Unallocated liabilities</i>					<u>931</u>

**Year ended December 31, 2021**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	11,294	17,606	14,284	-	43,184
Inter-segment	-	-	174	(174)	-
<i>Total</i>	<u>11,294</u>	<u>17,606</u>	<u>14,458</u>	<u>(174)</u>	<u>43,184</u>
<i>Segment profit</i>	<u>282</u>	<u>2,074</u>	<u>1,845</u>	<u>224</u>	<u>4,425</u>
Finance expense, net					387
Tax expenses					329
Profit					<u>3,709</u>

**31 December, 2021:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>14,399</u>	<u>11,100</u>	<u>11,999</u>	<u>-</u>	<u>37,498</u>
<i>Unallocated assets</i>					<u>3,440</u>
<i>Segment liabilities</i>	<u>3,090</u>	<u>3,626</u>	<u>6,282</u>	<u>-</u>	<u>12,998</u>
<i>Unallocated liabilities</i>					<u>929</u>



**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 – SALE OF PREVIOUSLY CONSOLIDATED SUBSIDIARIES:**

On 22 March 2022, the Company announced that it had disposed of its Russian operations and sold its entire holding in M.T.I Summit SPB Ltd. (“SPB”) for a de minimis amount, with this sale not having any significant profit/loss impact on the Company.

The effect of the sale on the financial position of the Group is as follows:

	<u>\$'000</u>
	<u>Unaudited</u>
Other receivables	(417)
Inventories	(6)
Current tax receivables	(10)
Cash and cash equivalents	(2,785)
Other trade payables	3,218
<b>Net assets and liabilities</b>	<u>-</u>
Consideration received, satisfied in cash	-
Cash and cash equivalents disposed of	(2,785)
<b>Net cash outflows</b>	<u>(2,785)</u>

**NOTE 7 – SIGNIFICANT EVENTS:**

- A. On 6 March 2022, the Board of directors declared a cash dividend of 2.8 US cents per share, representing approximately \$2,479,000, in total. This dividend was paid on 31 March 2022 to shareholders on the register at the close of trading on 18 March 2022.
- B. On 24 January 2019, the Company announced a share repurchase program to conduct market purchases of ordinary shares of par value 0.01 Israeli Shekels each ("Ordinary Shares") in the Company up to a maximum value of £150,000 (the "Programme"). Thereafter, the board of directors of the Company and the board of directors of MTI Engineering decided to continue with the Programme for several further periods. On 13 April 2022, the Company announced that it would extend the Programme until 31 March 2023, with the Programme having an increased maximum value of up to £200,000 and with the Programme being managed by Shore Capital Stockbrokers Limited pursuant to the terms as announced. As at 30 September 2022, 200,000 Ordinary Shares were held in treasury under the Programme.
- C. On 9 March 2022 at an extraordinary shareholders meeting, Mr. Luke Ahern was elected as an external director for three year term. At the same meeting approval for the extension of an updated Remuneration Policy for a period of three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law, was granted as well as the extension of an updated management services agreement (the “Management Services Agreement”), between the Company and Mokirei Aya Management (2003) Ltd. (the “Management Company”) for the provision of the services of the Chairman

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 – SIGNIFICANT EVENTS (CONT.):**

and CEO of the Company for a further three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law with effect from 1 March 2022.

- D. Business Continuity - Since March 2022 most of the Group's operations have returned to a normal level of activity, but aspects of the Group's supply chain are still working slower, and the Company's industry has been affected on the operational level, along with the rest of the world economy as it faces the risk of a global recession where the ability to predict the timing of a recovery is uncertain. Inflation in the countries where the Group operates, as measured by the consumer price index, is currently increasing which is driving broad based cost increases, including increases in wages. This together with rising components prices and shortages, may have an impact on the Group's underlying cost base and profitability and could effect the Group's ability to supply part of the demand for its products and services. This uncertainty regarding the level of the global economic slowdown, its duration and its medium to long term effects creates challenges, but the Company believes that if there is no further deterioration in the situation, its financial strength and business stability will allow it to navigate through this.